



Turnaround & Restructuring Newsletter

March/April 2023



Views from our leaders

Rich Infantino, Managing Director

As [Ryan Maupin](#) discussed in our last newsletter, the economy seems to be sending mixed signals with some areas of strength, such as the job market, and other areas of weakness, like falling consumer demand. In this issue, our focus highlights the automotive sector, where the side effects of the pandemic have created several challenges, such as supply chain disruptions and higher input costs, that still linger today. Yet this is not the full story, as new challenges are on the horizon.



Formal restructuring activity in the automotive sector has been at historically low levels. However, stress in the sector is increasing at both the original equipment manufacturer (OEM) and supplier levels. The number of automotive sector bankruptcies in 2022 appears to be the lowest number in more than 20 years. Interestingly, of the filings we were able to obtain data on, four out of five were filed under Subchapter V of the US bankruptcy code, which is aimed at facilitating small business reorganizations without the significant costs associated with Chapter 11 filings. This statistic seems to corroborate what we have been hearing from our OEM

clients about their respective experiences with distressed suppliers, that they are generally smaller companies—at least for now. In the beginning of 2023, there have been bankruptcy filings in the automotive parts after market, both in the retail end and the production side.

Looking beyond these effects, there are several additional pain points impacting the automotive industry.

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Our latest eminence



Manage cost, cash, working capital to help tame uncertainty

Curious how a plan that integrates cost control, cash-flow forecasting, and working capital improvements can help leaders with inflation and other economic challenges? Get insights in our report.

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Recent engagements

Global media business

Deloitte T&R is engaged as a financial adviser to the lenders of a global live-media production hardware/software business. The company breached covenants and missed financial performance targets during the past two quarters. The Deloitte T&R team was hired to assess management's sales process of certain non-core businesses; to assess management's approach to securing asset-based lending for additional liquidity; and analyze and report on the financial position, drivers of the underperformance and the company's 2023 business plan, and latest financial forecasts. This mandate includes analyzing debt and operational restructuring options, in support of reducing exposure for the existing lenders.



Private equity windup

Deloitte T&R has been chosen by a major private equity investor to assist one of its portfolio companies in the health care services arena. Our client successfully transacted on the majority of this business unit resulting in a great outcome. Thereafter, assistance was needed as it worked through the winding up of the unsold components of the business and the steps required to dissolve the balance of the company.



Upcoming Dbrief



2023 banking and capital markets M&A outlook: Volatility seeds opportunity

March 9, Thursday | 12:00 PM ET

Participants will explore how a volatile M&A landscape may lead to future opportunities for their organization.

[Register](#) to learn more.

Additional insights

Looking for an airtight approach to accounting for a Chapter 11 reorganization? [Read our latest insights](#) and actions for Fresh Start accounting.

About Deloitte T&R

Deloitte T&R is a leading provider of financial and operational restructuring services, turnaround and performance management, fiduciary services, and bankruptcy administrative services to underperforming companies and their advisers, lenders, investors, courts, and other stakeholders. We specialize in helping both large multinational organizations and midmarket companies overcome challenges, from enhancing the performance of healthy companies to complex bankruptcy reorganizations. Our talent, global reach, and commitment to driving results set us apart and enable us to help create value in the most challenging and complex restructuring matters.

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